

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session

MINUTES RECEIVED
CHIEF CLERK'S OFFICE

3-9-16

COMMITTEE ON BANKING AND FINANCIAL SERVICES

of Regular Meeting
Tuesday, March 8, 2016
House Hearing Room 3 -- 2:00 p.m.

Convened 2:09 p.m.

Recessed

Reconvened

Adjourned 2:17 p.m.

Members Present

Mr. Allen
Mr. Espinoza
Mr. Farnsworth
Mrs. Gabaldon
Ms. McCune Davis
Mr. Weninger, Vice-Chairman
Mrs. Brophy McGee, Chairman

Members Absent

Agenda

Original Agenda – Attachment 1

Request to Speak

Report – Attachment 2

Presentations

Name

Organization

Attachments (Handouts)

None

Committee Action

Bill

Action


Vote

Attachments (Summaries,
Amendments, Attendance)

SB1425 DP
Committee Attendance

8-0-0-0

3, 4
5



Sarah Griffith, Chairman Assistant
Wednesday, March 9, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

Conv: 2:09 p.m.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

Adj: 2:17 p.m.

REGULAR MEETING AGENDA

COMMITTEE ON BANKING AND FINANCIAL SERVICES

DATE Tuesday, March 8, 2016

ROOM HHR 3

TIME 2:00 P.M.

Members:

Mr. Allen J
Mr. Espinoza
Mr. Farnsworth E

Mrs. Gabaldón
Ms. McCune Davis
Mrs. Norgaard

Mr. Weninger, Vice-Chairman
Mrs. Brophy McGee, Chairman

Bills	Short Title	Strike Everything Title
SB1425	<u>DP</u> securities; salesmen; registration exemptions (Farnsworth D, Dalessandro, Farley, et al)	
	<u>30000</u> BFS, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

SG
3/3/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Attachment 1

Information Registered on the Request to Speak System

House Banking and Financial Services (3/8/2016)

SB1425, securities; salesmen; registration exemptions

Testified in support:

Lyn Harry White, AZ Small Business Association

Support:

Garrick Taylor, Arizona Chamber Of Commerce And Industry



HOUSE OF REPRESENTATIVES

SB 1425

securities; salesmen; registration exemptions
Prime Sponsor: Senator Farnsworth D, LD 16

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

SB 1425 exempts offerings of securities of less than \$1 million or the limit established under federal regulations from statutory registration requirements provided certain criteria are met.

PROVISIONS

1. Exempts from statutory registration requirements securities transaction involving offerings of securities of not more than \$1 million or the established limit under federal regulations provided the following:
 - a. An unlimited number of sophisticated purchasers may be involved.
 - b. Written offering documents are provided to each purchaser which state full and adequate disclosure of material facts.
 - c. Advertising is not allowed without a waiver from the director (Director) of the Securities Division of the Arizona Corporation Commission (Commission).
 - d. The sum of the following amount cannot exceed \$1 million or the limited established under federal regulations, which is greater:
 - i. The dollar value for the amount of securities being offered.
 - ii. The aggregate offering price of all securities of the issuer sold within the 12 months before the date of the offering.
 - iii. The aggregate offering price of all securities of the issuer sold during the course of the offering if the securities were sold in reliance on or in violation of certain federal laws.
 - e. The following criteria are met regarding offerings to sophisticated purchasers:
 - i. Allows sales to either an accredited investor or a person, acting alone or with a purchaser representative, who the dealer reasonably believes has the knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the proposed investment.
 - ii. The issuer must display a specified notice on the cover page of the disclosure document.
 - f. A copy of a the notice that is filed with the SEC must be filed with the Commission within 15 days after the first sale of securities in or from this state
 - g. Offerings to purchasers must allow all of the following:
 - i. Sales must only be made by a dealer who is not the issuer and who is registered in this state.

- ii. The dealer conducting the sales if the dealer reasonably believes that adequate diligence and review has been applied.
 - iii. Sales if the dealer reasonably believes that the security is suitable for the purchaser.
 - h. The exemption may not be utilized if the issuer or the offering is subject to specified disqualifications.
 - i. Allows the Commission to set aside the disqualification under certain conditions.
2. Permits the Director to adopt and revise rules to maintain conformity with federal law regarding exemption for limited offerings and sales of securities.

ADDITIONAL INFORMATION

Federal law allows an exemption from SEC registration for offers and sales of securities that satisfies certain conditions which include the following:

- a. The issuer of the securities is not: 1) subject to SEC reporting requirements, 2) an investment company, or 3) a developing company that does not have a business plan, purpose, or is engaging in a merger or acquisition with an unidentified company.
- b. The aggregate offering price does not exceed \$1 million for all securities sold within 12 months before the start of another transaction.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. SB 1425

DATE March 8, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón		✓			
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		8	0	0	0

APPROVED:


KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 4

ARIZONA STATE LEGISLATURE
Fifty-second Legislature - First Regular Session
COMMITTEE ATTENDANCE RECORD

COMMITTEE ON BANKING AND FINANCIAL SERVICES

CHAIRMAN: Kate Brophy McGee VICE-CHAIRMAN: Jeff Weninger

DATE	3/8/16	/16	/16	/16	/16
CONVENED	2:09 p.m.	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	2:17 p.m.				
MEMBERS					
Mr. Allen J	✓				
Mr. Espinoza	✓				
Mr. Farnsworth E	✓				
Mrs. Gabaldón	✓				
Ms. McCune Davis	✓				
Mrs. Norgaard	✓				
Mr. Weninger, Vice-Chairman	✓				
Mrs. Brophy McGee, Chairman	✓				

√ Present --- Absent exc Excused